



# DEPARTMENT OF Management & Budget

Contribution Rates	Current DB Plan	DC Plan for New Hires
Employee Normal Cost	4.30% for existing employees <sup>a</sup> 6.40% for new employees <sup>a</sup>	Up to the employee
Employer Normal Cost (for FY 2009)	5.41% for existing employees 4.21% for new employees	6.55% average <sup>b</sup> (4% + max 3% match)
Change in Employer's Normal Cost from Current Plan	None	<b>2.34% higher cost for new hires (up to 2.79% higher cost if all school employees contribute up to the full match amount)</b>
Unfunded Accrued Liability (UAL)	\$5.8 billion for all of MPSERS (as of September 30, 2007). A portion of this cost is attributable to the community colleges. This amount does not change even if benefits are changed for new hires. <sup>c</sup>	

<sup>a</sup> The employee rates apply to annual pay in excess of \$15,000. In addition, both existing and new employees pay \$510 on the first \$15,000 of annual pay. Members who first work after July 1, 2008, will have a higher employee normal cost resulting from the passage of PA 111 of 2007. This will result in a lower employer normal cost for new hires.

<sup>b</sup> Based on the experience of the State Employees Retirement System DC plan.

<sup>c</sup> SB 1450 as written fails to require the community colleges to pay for their share of the UAL or retiree health care and would shift costs to the K12s.